

Maine Department of Labor
Bureau of Unemployment Compensation – Benefit Division
P.O. Box 259, Augusta, Maine 04332-0259

Telephone: (207) 287-3805 Fax: (207) 287-8351 TTY: 1-800-794-1110

Would You Like To Have Federal and/or State Income Taxes Withheld From Your Unemployment Benefits?

Please read this pamphlet for more information and a withholding form.

1. Unemployment Compensation Is Subject To Federal And State Income Taxes.

You are required to report your unemployment insurance benefits when you file your Federal and State Income Tax forms. Depending on the amount of your adjusted gross income (including unemployment insurance benefits) for a tax year, you may owe Federal and/or State Income Tax on those benefits. You are required by law to pay 90% of your tax through withholding or estimated tax payments. Estimated tax generally is paid in quarterly payments. For more information, call 1-800-829-3676 for:

- (a) Publication 919, "How Do I Adjust My Tax Withholding?"
- (b) Publication 505, "Tax Withholding and Estimated Tax."

2. If I Want To Have Income Taxes Withheld, How Do I Start?

Fill out the attached Form W-4V, Voluntary Withholding Certificate, and mail it to the address on the front of this form. Your choice is automatically carried forward into your new benefit year.

3. How Much Will Be Withheld?

Federal withholding is 10% of the amount of your benefit entitlement. State withholding is 5%. These percentages are "fixed" - withholding cannot be at any other percentage. If your weekly benefit amount is reduced because of earnings, the percentage of taxes withheld is based on the partial benefit payable. If your full or partial weekly benefit amount is reduced because child support obligations are deducted or an unemployment overpayment is being repaid by offset, the amount of tax withheld is based on benefits payable to you before these deductions are made.

Example:	Weekly Benefit Amount	\$200
	Federal Taxes (10%)	- 20
	State Taxes (5%)	- 10
	Unemployment Check	\$170

In the above example, if 50% of your unemployment benefits are used to pay child support, or repay an unemployment benefit overpayment, the amount of your unemployment check would be \$70.00.

4. Are There Limitations On When I Can Start Or Stop Withholding?

NO. You can change your withholding status at any time. However, you must fill out a Form W-4V *to either start OR stop withholding*. This form is part of this pamphlet. You can get a new form by calling (207) 287-3805.

5. How Will I Know How Much I Was Paid In Unemployment Insurance Benefits And How Much Was Withheld During A Calendar Year?

The Department of Labor will send a Form 1099G to you by January 31, 2004, showing the total unemployment compensation paid to you in 2003. Box 1 on your Form 1099G shows the total unemployment compensation paid to you **before** Federal/State income taxes are withheld and **before** deductions for overpayments or child support are

taken. This amount is **taxable income** to you. For more information, see the instructions for your Federal Income Tax Return. Form 1099G will also list the amount of Federal and/or State income taxes withheld. You are not required to file a copy of this form with either your annual Federal or State Income Tax forms. To avoid delay of receipt of your 1099G, be sure to notify this agency of all change of addresses during the calendar year. **The U.S. Postal Service will not forward Department of Labor mail.**

If you repay monies on an overpayment during any calendar year, the repayment amount will be reflected on the 1099G issued to you. It is a good idea to keep all receipts sent to you as verification of repayments of an overpayment. U.S. Individual Income Tax Return Forms 1040, 1040A, and 1040-EZ instruct you as to how to report unemployment compensation received and repayments made during 2003.

6. What Happens If I Want Part Or All Of The Amount Withheld Returned To Me?

Taxes withheld from your unemployment check are forwarded to the Internal Revenue Service (Federal) and/or the Maine Revenue Service (State). Therefore, taxes withheld are **not** refundable.

IF YOU CHOOSE TO NOT HAVE TAXES WITHHELD, DO NOT RETURN THE ATTACHED FORM W-4V.

MAIL THIS FORM TO: Maine Department of Labor
Bureau of Unemployment Compensation
Benefit Division
P.O. Box 259
Augusta, Maine 04332-0259

If you want income taxes withheld or stopped, cut here and mail this form to the State Bureau of Unemployment Compensation address on the form.

Form W-4V	 Voluntary Withholding Certificate From	
Department of the Treasury	 Unemployment Compensation	 2004
Internal Revenue Service		

Type or print your full name	Social Security Number
Home mailing address (number and street or rural route)	
City or town, state and ZIP Code	

Complete one or both of the following if you want to begin having income taxes withheld from your unemployment checks or want to stop this (these) deduction(s):

	YES	NO
1. I want FEDERAL income tax withheld from my weekly unemployment benefits (fixed rate of 10%)	[]	[]
2. I want STATE income tax withheld from my weekly unemployment benefits (fixed rate of 5%)	[]	[]

I understand that my withholding status can only be changed (start or stop) upon receipt of this form.

Your Signature	Date
➡	➡

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Must Be Completed With Signature To Be Valid